

# Hands Off Our Grants!



**Sekwanele!**  
**Phansi Illegal Deductions Phansi!**



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## How to use this pamphlet:

This pamphlet is written for activists to campaign against the exploitation of social grant holders. Social grant holders are our mothers, grandfathers, sisters and neighbours. We cannot allow money to be deducted illegally from their grants. We also cannot allow them to be exploited by banks and loansharks.

This pamphlet provides educational materials on social grants, how they work and who is profiting from the system of outsourcing. Hand out this pamphlet to people in your community, on your street committee, or at the shopping centre and start having conversations about the importance of social grants and how they should be protected and expanded.

## What are social grants?

Social grants are monetary payments given to South African citizens by the government each month. Grants are targeted at people who are vulnerable to poverty and in need of state support. We can trace social grants back to the ideals of the 1955 Freedom Charter, particularly ‘The People Shall Share in the Country’s Wealth!’ Sections 24 to 29 of the Bill of Rights in the South African Constitution recognize the socio-economic rights of citizens, including the right to social security. Our constitution states that every citizen has the right to “health care, food, water and social security.” In 2004 the government introduced the Social Assistance Act which provides the framework for the administration of social grants, which is the responsibility of the South African Social Security Agency (SASSA).

Grants available include:

- Child Support Grant
- Older Person’s Grant (Pension)
- Disability Grant
- Grant-in-Aid
- Care Dependency Grant
- War Veteran’s Grant
- Foster Child Grant

Applicants for social grants must be South African citizens, permanent resident or refugees and currently living in South Africa.

- 17 million South Africans receive social grants
- 44% of all households in the country receive a grant
- 11.9 million of all grants are child grants, 96% of which are received by women
- The child grant has significantly decreased child hunger in poor households
- One-quarter of those who unemployed nationally derive income support exclusively from the grant income of other members of their household.

Grants are not gifts from the state, they come from the tax money that all individuals and businesses pay. For example, every time you buy something in the shop and pay VAT, that money goes to the treasury. Because some businesses make a lot of money they also pay higher taxes which helps fund social grants. This is how wealth is redistributed across society.

## Why are people getting social grants?

South Africa has one of the highest rates of unemployment in the world, around 40%. The problem with South Africa's labour market is that unemployment is a structural problem, it is the result of an economy shaped by colonialism and apartheid. The South African economy is still dominated by mining, but mines are shedding jobs at an alarming rate. The state has not invested in a long-term job creation programs. Policies like the EPWP and CWP have not increased employment levels, and these are not good jobs where people can make enough to support their families. In 1996 the ANC introduced the Growth, Employment and Redistribution program (GEAR), which made unemployment and inequality worse.

Because of this high rate of unemployment and poverty the government introduced social grants. But since then unemployment has remained high and the population has grown, which means there are more people receiving social grants each year. In 1994 only 4 million people received social grants, today it's more than 17 million!



Social grants holders wait to receive their grants at Gugulethu Square, June 2016

Millions of people depend directly on social grants, but because some people can't get grants (like unemployed young men) they depend on other people's social grant money for food, transport and other daily goods. Social grants are also important because wages in South Africa remain very low. Around 60% of South African workers earn less than R5000 per month. Because of high rates of unemployment, these wages are stretched thin as they are used to support unemployed household members.

## How do social grants work?

SASSA is responsible for administrating grants and determining eligibility. For example, you would go to a SASSA office to apply for a child grant and if you are successful you will be issued with a SASSA card. Your money will then be sent to a bank account controlled by Grindrod Bank, which is connected to your SASSA card. You can then go and collect your social grant at a SASSA paypoint or from an ATM.

But the process of paying our social grants at these paypoints is not managed by SASSA, it has been outsourced to a company called Cash Paymaster Services (CPS).

- In 2012 CPS won a R10billion tender to pay out all social grants across the country. CPS is owned by a company called Net 1, which is a large company based in South Africa and America.
- In 2014 the constitutional court told SASSA that Net 1 had got this tender through corruption and so they must accept new tender applications.
- In 2016 SASSA took Net 1 and Grindrod bank to court because they are allowing illegal deductions from social grants.

## Why are Illegal Deductions Happening?

Illegal deductions are occurring because Net 1 and Grindrod are making your social grant information available to companies that can easily deduct money for airtime, electricity, loan repayments or insurance. For example, if you apply for a loan through Moneyline, you are issued an Easy Pay card. When you get this card, you sign an agreement that allows Moneyline to transfer your social grant to your Easy Pay card each month. Before your social grant money is even deposited in your account, your repayment is taken from your Easy Pay card. So this card allows Moneyline to access your grant money. This is illegal, but it is still happening, which is why SASSA has taken Grindrod and Net 1 to court in order to force them to stop illegal deductions.

Because SASSA has received so many complaints about deductions, they have made it illegal to deduct any money directly from people's social grants. But companies like Moneyline have found a way to get around this by using the Easy Pay card. Only 1 deduction from a social grant is legal, and that is a deduction for a funeral plan that may not exceed 10% of the value of the social grant. All other deductions from social grants are illegal under the 2004 Social Assistance Act.

The other way that illegal deductions are happening is by people selling your SASSA and ID information to companies that are then taking money off your social grant. This has happened with companies like 1Life insurance and Emerald Life. Officials who work for CPS have also been arrested for stealing SASSA cards and illegally using people's numbers to take money from social grants. In May 2016 SASSA revealed that they had lost R800 million to corrupt practices to date, and had only been able to recover R1.5 million of those funds.

## Who are Net 1 and Grindrod Bank?



Net 1 is a financial company that provides the equipment and staff for paying social grants at SASSA paypoints. But this isn't all it does, Net1 also owns a lot of other companies that target people who get social grants. These companies include Easy Pay, Moneyline Loans, Smart Life Insurance and Umoya Manje. So aside from providing the equipment that scans your thumb at paypoints, this company also provides social grant holders with loans, credit cards, funeral and life insurance plans and automatic airtime deductions.

The company is partly owned by its founder Serge Belamant, but it is also owned by the American investment company International Value Advisers; Orbis Investment Management, which is based in the Caribbean; and the South African investment company Allan Gray Propriety Limited. In 2015 Net 1 made a profit of: R1.3billion. It is a very wealthy company and it makes its money by targeting the social grant holders and the poor.

The other company involved in this is Grindrod Bank. Grindrod controls the bank accounts that your social grant money is deposited into. They also control the bank accounts attached to the Easy Pay cards that Moneyline issues. In other words, Grindrod and Net 1 work very closely together, making it easy for Net 1 to get access to the accounts that Grindrod controls. The majority share in Grindrod is owned by RemGro, which is also a very profitable company owned by the Rupert family. The Rupert family have a net worth of R76 billion! In 2015 Grindrod made a profit of R559million. While banking is only a small part of Grindrod's operations, they are clearly profiting from the outsourcing of our social grant system.

In order for Net 1 to get the R10Billion tender, they had to have a Black Economic Empowerment plan in place. In 2012, just days after they got the tender, they announced a partnership with Mosomo Investment Holdings, which is run by Brian Mosehla. Mosehla used to work for Tokyo Sexwale at the Mvelaphanda Group, another BEE enterprise. A 2012 *Mail and Guardian* story pointed out that if Sexwale had a financial interest in Mosomo investments, this would be a major conflict of interest, because when he was Human Settlements minister his director general Thabane Zulu was a member of the SASSA adjudication committee that awarded Net 1 the tender.



**Allan Gray, founder of Allan Gray Propriety Ltd. Wealth: R27 Billion**



**Johann Rupert, Chairman of RemGro. Wealth: R76 Billion**



**Tokyo Sexwale, businessman and politician. Wealth: R2Billion**



**Serge Belamant CEO of Net 1. In 2015 he earned a salary of R47 million**



## Stories from Social Grant Holders

### PENSIONER RECEIVING OLD AGE GRANT

“I borrowed R1000 from MoneyLine in November 2015. Each month I pay back R220, but they told me this would be done in six months. It is now past six months and I’m still having the loan taken from my old age grant. This month I only got R1160, but my pension is R1500. I don’t know where the rest of the money went and when I get a slip from Shoprite it doesn’t show where the money goes.”

### MOTHER RECEIVING CHILD GRANT

“I am a single mother, and I get 2 child grants for my children. So each month that is R700. This month I have been charged at ATM fee of R23. That is a lot of money for me, that could go to feed my children. Look this month i was also charged R100 for prepaid airtime and R200 for prepaid electricity. I never made these purchases. I always buy electricity and airtime with cash. After all this the amount that I get this month is only R412.60. That’s not enough to feed my family for a month. How will I survive?”

### GRANDMOTHER RECEIVING CHILD GRANT

“I come here to Spar to check the balance on my SASSA card, that way the cashier can’t cheat you when you go and draw your money. I get two child grants for my grandchildren. But here you can see I have a deduction of R64 to Emerald Life Insurance. I have never taken out a policy with Emerald Life Insurance, so I don’t know where this money is going. This has been going on since January 2016 and I don’t know how to stop it.”



Pensioners line up to get their social grants in Gugulethu Square Mall, 1 June 2016



Pensioners line up to get their social grants in Gugulethu Square Mall, 1 June 2016



People line up outside the Moneyline Offices at Philippi Square to get loans, 2 June 2016

## **Our Demands:**

1. Net 1 Must Fall! Grindrod Must Fall! Net 1 should not be allowed to transfer people's social grants to other accounts. No deductions should be allowed from people's social grants.
2. Illegal deductions must be criminalized and those responsible must be prosecuted. We call on SASSA to continue its court case against Net 1 and Grind and prosecute their CEOs for illegally trading grant holders information and draining their accounts.
3. Raise the Rates! Social grants must be increased because the cost of living has increased. At the very minimum, we demand inflation-based increases. The old age pension should be increased to R3000 each month because this is used to support many people in poor households.
4. We demand an end to the outsourcing of grant payments. SASSA themselves should be responsible for paying social grants.
5. Pay Back the Money! All illegal deductions must be paid back in full to social grant holders.

## **What can you do if you notice illegal deductions?**

You should report all unauthorized deductions to SASSA immediately. You can call SASSA's toll-free number:

**0800 601 011**

If SASSA is not helping you, or if they tell you that it's not their problem, you should call Black Sash's helpline for free legal support and advice:

**072 663 3739**

## **Do you want to get involved in our campaign?**

This pamphlet was produced by the ILRIG Hands Off Our Grant Action Team. To get involved, please call or email Nandi Vanqa-Mgijima at:

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***NET 1 MUST FALL!  
OUTSOURCING MUST FALL!  
RAISE THE RATES!***